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PRODUCTION COOPERATIVES AND RURAL DEVELOPMENT IN THE UNITED REPUBLIC OF TANZANIA

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1. An Overview of the National Production Cooperatives

Introduction

1. The practice to put people together in villages started during the colonial era. At that time putting people in villages was prompted by a specific problem and the most common was the outbreak of sleepingsickness. A concentration camp was defined as "a group of people sufficiently closely scattered to bring about and maintain automatically with the aid of their animals, country practically devoid of visible bush". 1/

2. Although there were ideas to broaden the objectives of concentrations, the "ground for resettling the population should not only be medical ones (or even medical ones at all) but resettlement should be undertaken as part of government policy to improve the social and economic welfare of the people for whom they are responsible",2/ these suggestions were shelved on account of lack of provision of such action in the Native Ordinance and in particular because of fear of the odium of the peasants.

3. Therefore, concentrations had little to do with improving production of the settlers except the specific problem identified by the colonial administration. However, these ideas to broaden the objective had been recorded and were taken over in later years.

1.1 The Genesis of Production Cooperatives

4. The actual source of production cooperatives in Tanzania is the leadership of TANU. The TANU creed declares from the very start on its belief in equality of mankind and democracy. Further it reckons that all citizens together possess all the natural resources of the country in trust of their descendants. These basic statements required some reform in the organization of its citizens for their realization. TANU was founded in 1954. It was only after independence that TANU was able to introduce these ideas.

5. However, before independence, the International Bank for Reconstruction and Development of 1960 recommended the following: "The mission considers that, that the promotion of .... more productive farming methods .... cannot be left wholly to improvement activities. To achieve more rapid progress, something more is required whether through intensive campaigns in settled areas or through planned and supervised settlement of areas which are at present uninhabited or thinly inhabited. In fact this mission judges that the second of these approaches is in general more promising in the present condition of Tanganyika".3/ Although the motives were different, this report had common factors with the preception of the TANU leadership.

1/ Dean E. McHenry Jr. Tanzania's Ujamaa Villages. The Implementation of a Rural Development Strategy Institute of International Studies, University of California Berkeley 1979, The chapter on the experiences: Previous attempts at rural Policy implementation pages 14 to 41.

2/ Dean E. McHenry Jr. Same book as in note 1 page 12.

3/ Prof. R. Dumont: Tanzania Agriculture after the Arusha Declaration 1969. In part one of the book he gives the position of agricultural production and on page 7 he critisizes the transformation approach recommended by IBRD.

6. Thus soon after independence, the national leadership did not take long to publicly declare its objectives. Thus on 10th December 1962, President Nyerere said the following: "Before we can bring any of the benefits of modern development to the farmers of Tanganyika, the very first step is to make it possible for them to start living in village communitits .... The effect of this settlement will be far reaching, for planned settlement does not mean farms: it also means roads, commerce and some local industries, as well as schools for the children, and health centres to help people enjoy the life they are creating". 4/

7. There were other factors that influenced this logical conclusion. Since development is brought about by people and over 94% of the population was living in rural areas, then the rural area could not be neglected. The economic development depended on the development of agriculture. Farmers in the rural areas had to improve farming methods in order to increase productivity and output which are necessary to feed the rural and urban population as well as to feed the growing urban industries with raw materials and to release labour that is to work in industries.

8. Another factor was a high rate of migration to towns - approaching 6.5% during the 1960's. Since Tanganyika by then did not have industries, these people could not find employment. To stop or reduce this high immigration to towns it was necessary to improve living conditions in rural areas by putting people together in villages.

9. Moreover, because of the dedication of the leadership to provide equal oppottunities to all its citizens, it was necessary to consider seriously diversifying the trend of provision of services. The growing inequalities in income between urban and rural areas had to be redressed so as to concentrate some resources in rural areas to reduce differentiation. Thus as a result of people living in communities, such as production cooperatives, the government would be in a position to provide vital services like schools, water and dispensaries.

10. There was a tendency in the rural areas towards the development of a distinctive class of the kulaks. A few enlighted farmers began to use marketing cooperatives to their own advantage at the expenses of the majority. The rural sector was transforming slowly whereby a few obtained credit and various services from a cooperative society, employed labour and grew richer. To confirm to the ideals of TANU, this trend had to be stopped. Production cooperatives - particularly collective forms of production was seen as means to eradicate such malpractices.

11. When the first five year development plan proved a fallure because of lack of development funds as a result of falling sisal exports earnings, coupled by the fact that, the expected aid from donor countries came in less amounts than was expected, and lastly politically when West Germany withdrew all her aid in 1965 because Tanzania established diplomatic relationship with East Germany, it became clearer, that the only way to maintain political independence is through economic independence which was dependent on the national people, the majority of whom lived in rural areas.

4/ Ministry of Lands, settlement and Water Development, The Rural Settlement Commission, A report on the village settlement programme, from the inception of the rural settlement commission to 31st December 1965 - page 1, Further information on for the same can be obtained from "Freedom from Hunger FAO 34 1969.

1.2 Objectives

12. The objectives of production cooperatives are many. The foremost is political, to implement the goals of the party. This is the eradication of all types of exploitation of man by man, intimidation, bribery and corruption and the emergence of classes. In Tanzania, these malpractices were brought in through contacts with the outside world displacing its traditional way of life which was primitive socialism. Since traditional life was at subsistence level encompassing poverty, ignorance, disease and hunger, ujamaa (modern socialism) must modernize people's life by improving farming methods through use of modern agricultural techniques. It is envisaged that villages will be centres of training farmers in modern practices of farming e.g. use of high brid seed, fertilizers, insecticides and extension staff.

13. Furthermore ujamaa villages - production cooperatives, are ideal for economies of scale. By pooling land together (our land) and farming together it is deemed possible to use machinery and other modern means which would otherwise be uneconomic for individual small house hold plots whose national average size was one hacter by 1972.

14. In addition to productivity enhancement, production cooperatives are expected to give birth to cottage industries and agro-based industries. The main concept and argument is to create an ideal community which is self reliant. By introducing agro-based processing industries such societies would add value to its raw materials, and fetch better prices, and or make use of by-products which still add income to the farmers and last create employment within the rural areas and reduce urban migration.

15. Once people live in communities then it is easy for the government to provide social services like schools, hospitals, drinking water and electricity. Such services would not reach villages with a scattered population. "Unless the widely distributed people of Tanganyika are brought together, we shall not be able to use tractors, we shall not be able to provide schools for our children, we shall not be able to build hospitals or have clean drinking water it will be quite impossible to start village industries, and instead we shall have to go on depending on the town for all our requirements, and even if we had a plentiful supply of electric power we shall never be able to connect it up to each isolated home stead". 5/

1.3 Structure

16. The structure of production cooperatives has been changing over the years to keep pace with new developments. The village settlement schemes had a typical top-bottom management structure with a government appointed manager at the top. (see figure 1). The pre-cooperative committee was to operate under the guidance and control of the manager. Settlers, therefore, had little say over the management of the settlement.

17. The voluntary villages established in Ruvuma in early 1960's had a democratic management. The village committee was elected by the members and the supreme policy making body was the village assembly. However, to increase their capacity, the twelve villages decided to form a super structure called the Ruvuma Development Association (R.D.A where the twelve villages were affiliated. (see figure 2) In spite of its recorded success, the Association was dissolved in 1968.

5/ As for note 4 page 1

18. The structure of ujamaa villages has undergone two changes. Up to 1975, before the village act, there was a village committee elected by members with the village assembly as the suppreme policy making body. But those villages after satisfying certain conditions were registered by the 1968 cooperative act and became members of the regional cooperative unions.

19. Villages registered under the 1975 village Act had a similar structure at the grassroot except that the Chairman and Secretary came automatically from the party branch in the village electe by party members only (see figure 3). Villages could form joint ventures although for registration purposes there was no such provision in the village Act. Such ventures turned to be companies. Villages were direct members of the apex organization which was a mass organization of the Party.

20. The rural production cooperatives registered under the 1982 cooperative act have a different structure (see figure 4). There is a general meeting of the members and a management committee which is elected by all the members except that the chairman must be a member of the CCM party. Primary producer cooperatives can form joint ventures - again no such provision is in the act. Hence such ventures will necessarily be companies outside the cooperative movement but owned by cooperators.

21. The rural producer cooperatives together with urban based cooperative societies can form a cooperative union which in turn form the national apex organization.

1.4 Size and Share within the Cooperative Sector:

22. Production cooperatives grew slowly during the 1960s but they practically replaced the marketing cooperatives in rural areas by mid 1970s. During the first two years of the Five Year Development Plan, fourteen such cooperatives where expected to be established. Because of enthusiasm to respond to the President call "a large number of assisted settlement schemes mushroomed all over the country" 6/. Proper records of their establishment are difficult to find. However after 1969, the records show the following trend:

Number of Cooperative and Precooperative Societies

Years:	1969	1970	1971	1972	1973	1974	1975	1976	1977
Villages:	809	1976	4464	5556	5628	5008	6944		
People:	-	531,200	1,545,240	1,980,862	2,028,164	2,560,472	9,140,229		
Producer Cooperatives	7	9	79	323	342	393	580		

Source: Planning and statistics Department, Prime Minister's Office: June 1974 & 76 page 1 - 8

23 It is estimated that there were about 2,000 cooperative societies of all types excluding producer cooperatives with a membership of about two million people by 1970s.

6/ As for note 4 page 39

1.5 Size and Share with the Overall Economy

24. Production cooperatives have been growing in number until 1975 when they completely replaced the former marketing cooperatives. This does not mean that 100% of the rural consists of production cooperatives, for some nomadic tribes have not yet been villagized and there are a few villages without cooperative joint farming or integrated production. According to the 1979/80 village survey[7] an estimate of 3% of the total farms is done collectively although 63% of the villages claimed to have a collective farm and 5% is on cooperative joint farming when only 14% of the villages practice joint farming and therefore 92% of the farms are still farmed privately. Again it is difficult to put separately the contribution of collective farming as compared to the total production because of poor record keeping in the villages.

25. However, by using these estimates it is clear that the contribution of production cooperatives is dominated by the private sector.

2. Government Policies towards Production Cooperatives

2.1. Introduction

26. As explained in the previous section, the origin of policy towards production cooperatives is the TANU constitution which broadly and latently hinted on the type of society Tanzania is to become.

27. This broad policy was made clear on 10th December 1962 when the President urged people in the rural areas to live in village communities. Hence in the first five year development plan concrete methods of establishing production cooperatives were made. The plan assigned the roles of the government as the main centre or actor. "The policy which the government has decided to pursue with respect to all these zones consists of regrouping and re-settling farmers on the most favourable soils, instilling there a system of private or collective ownership and introducing supervised crop rotation and mixed farming that would permit the maintenance of soil fertility".[8]

28. Generally therefore, the plan was a typical top bottom. Its main objective was development of things "increased output", "conservation of soils" etc. Further it assumed fast transformation "new settlement schemes will be established all over the country, as fast as the shortage of capital allows"[9]. There was little forcast in problems that could crop up in the course of executing the programme.

29. After the lapse of a couple of years, many problems were encountered including lack of capital to continue with the programme and poor performance of the village settlement schemes. The cooperatives fell in the category of joint cooperative farming.

2.2 The Arusha Declaration

30. The experience gained in implementing the settlement scheme and the success of a few villages in the South which commensed on mutual - self aid basis, coupled with the hard fact that aid was not forthcoming as expected brought about changes in policy and strategy.

7/ Cooperative Development Department, Office of the Prime Minister: Report on Village Survey 1981 Dodoma 1982: The data refer to the 1979/80. Survey. Estimates for the averages are found on page 54.

8/ First five Year Plan 1964, volume 1, Government Printer page 15

9/ As for note 8 above

31. The Arusha Declaration underlines the point that Tanzania will pursue ujamaa-Socialism. A true socialist country is one in which "all major means of production and exchange are controlled and owned by peasants through the machinery of their government and their cooperatives"10/ However, the Arusha Declaration is silent on the development of production cooperatives. But it gives a critique of over dependence on money (which was used to establish the settlement villages) and underscores the importance of self reliance and leadership.

2.3 Socialism and Rural Development

32. This is a detailed document on production cooperatives in Tanzania. First there is a concrete critique over the village settlement scheme which was top bottom. "They (Ujamaa Villages) will be created by the village people and maintained by them. It must be done from their own resources". 11/

33. Furthermore a model production cooperative is given. The ultimate goal is full integrated societies or collectivism where the use of words - our land, our school etc., would be common. In fact even private property would be reduced to small gardens surrounding a production cooperatives house. "There would be no need to exclude private property in houses or even in cattle". 12/

34. But the document also illustrates the methods to achieve this model by cautioning that "We shall not achieve it quickly". The first duty of the promotors of production Cooperatives (ujamaa villages) is to study the environment. Ujamaa villages could start with traditional extended families and later on break away differences between traditional groups into larger communities.

35. Once people have accepted to live together than the second phase is to persuade them into some communual economic activity which will gradually assume importance. Presumably this meant the various types of cooperative joint farming., but slowly and steadily increasing socialization of the means of production.

36. The last phase is the model described above. The document therefore, concludes by emphasizing the role of government and leadership of persuasion, advise and buidance.

2.4 The Second Five Years Development Plan

37. Besides the government's role in promoting production cooperatives in rural areas, special weight was given to the cooperative movement. Thus in government paper No.4 of 1967 it is stated, "there is no other type of organization (than co-operatives) which is so suited to the problems and concept of rural development.... The reutilization of the cooperative movement in Tanzania is therefore vital to any programme of rural development."

38. However, there was need to link the role of cooperatives with the new changes in ideology - ujamaa. Cooperatives had to change their original outlook in order to serve the ujamaa objectives. "A cooperative society is basically a socialist

10/ Nyerere, Freedom & Socialism, part two: The policy of socialism Oxford University Press 1969 page 233.
11/ As for note 10 page 364.
12/ As for note 10 page 352.

institution. However, a marketing cooperative, the members of which are small scale capitalists and which itself becomes a large scale employer of labour will increasingly take a capitalist outlook. The cooperative movement is a source of considerable strength for the growth of socialism. It represents a major advance over a private capitalist system. However if it remains purely concerned with marketing with the development of commercial farming amongst its members, it will become an increasingly capitalist institution.

39. A central part of the development of rural socialism in Tanzania must be played by the cooperative movement, for it to fill a progressive role, however it must be revolutionarized. Two changes are required:

(i) The societies must become production oriented through the development of cooperative farming units from among their members at the primary level;

(ii) The increased democratic participation of the membership in the control of all cooperative activities."13/

40. In summary the leadership of the cooperative movement was to encourage its members to start production cooperatives.

2.5. Decentralization

41. Decentralization policy of 1972 attempted to create an environment and structure which allows maximum participation of the local people in deciding for their future. It also brings the required manpower to regional & district levels to assist in planning, personnel and financial management etc. The main point in decentralization was to increase democracy to the local levels instead of the previous past where decisions had to come from the government headquarters in Dar-es-Salaam.

2.6 Crop Authorities

42. Up to 1975, the Cooperative Movement was controlled by the rural elites. This group had grown strong since the inception of cooperatives in 1925. Yet the second five Year Development Plan assigned this leadership the task to introduce production cooperatives leading to collectivization. This implied asking the emerging rural kulak to commit voluntary suicide. Therefore until early 1970's there was little change or progress towards transforming traditional primary marketing cooperative societies into producer cooperatives.

43. It was felt necessary to bring in an agent crop-authorities with the correct perception of the ideology of ujamaa. The leadership of parastatal organizations is appointed by the government. Such leadership is expected to adhere to the leadership code.

44. After dissolving cooperative unions with their affiliates, crop authorities dealt directly with the production cooperatives. Their role was to promote their respective crops plus involving themselves in production. There was at least harmony between the political goal ujamaa and the agents which were to actualize it the crop authorities came Since the appointment of the management of crop authorities came from the government, it was more responsible to the directives in the process of dealing with production cooperatives rather than to the members who actually formed such societies.

2.7 Village Act of 1975

45. Due to the inadequacy of the 1968 Cooperative Act, which was mainly for the single purpose, and marketing cooperative societies, it was necessary to bring in a new act which

13/ Second Five Year Development Plan 1969 vol.1 Government Printer page 31 para 38 & 39.

accomodated villages as multi-purpose producer cooperative societies. Hence by 1975, there were two cooperative acts, one, the village act for production cooperatives in the rural areas, and the other, the 1968 act for the urban cooperatives. Again, without following the main underlying policy in socialism and Rural Development, the environment, which includes sociological and physical environment was not closely scrutinized. Thus a uniform system was introduced throughout the country, disreguarding, for instance the local land tenure system. Under the new act, land belonged to the village, settlers were only given access to it as long as they used it (except in densely populated areas which traditional land holdings prevail).

46. Membership was compulsory for any body who had attained the age 18. The gradual process from traditional extended family was put aside. Furthermore the village council was elected by the members, but the Chairman and Secretary were taken for granted where there existed a party branch. This situation increased very much the role of the party and government in the management of the day to day affairs of the cooperatives as was the case with the settlement schemes.

47. There was inadequate study of a suitable membership size to form a producer cooperative. Several studies estimate the optimal number for production cooperatives to be between 50 and 100 families. But the recommended number in the act is between 250 and 600. Due to communication problems, the latter number makes production cooperatives ineffictive. 14/

2.8. The 1981 Party Guide Lines

48. The fact that agriculture is the backbone of the economy of the country is underscored. It also realizes the importance of introducing large farms to take advantage of economies of scale. Yet these require good managers which are not available in the country.

49. Therefore, the policy document places emphasis on training to produce the required management cadre and also to move from the present hoe caltivation to oxen and later tractors.

50. The policy also sees the importance of granting autonomy to the movement to avoid past mistakes where by the party and government found themselves running the day to day business of the cooperatives and therefore denying the members' freedom. "At the same time, the party will ensure that all Party Mass Organizations receive the necessary assistance, by mutually collaborating with the party without losing their autonomy not being interfered with in the course of running their business".15/

51. This is a dilema for as long the appointing authority is the party or government given the current cultural and political conciousness of the people the leadership may be looked upon by the membership as imposed just as with last cooperative structure. On the other hand, if the leadership is left on the membership, there is no guarantee that this leadership will be pursuing the party and government goals of ujamaa. In this case careful appointment to satisfy both sides is crucial.

14/ The question of size of membrrship is discussed by F.C. Helm "The Economics of Cooperative Enterprises, page 118 and by Pierre J. Van Dooren, Cooperatives for Developing Countries, Objectives, Policies and Practices, Plunkett Foundation series 4, 1982, page 140.
15/ 1981 Party guidelines paragraph 168

2.9. Agricultural Policy and the Cooperative Act

52. The agricultural policy has come about from the technical side as to why production and productivity has been declining in Tanzania since early 1970's. The policy attempts to raise incentives to farmers by tackling e.g. issues of land ownership, and also to draw the attention of the government in playing its own role effectively in promoting agricultural production namely research and extension, and producer industries etc. The coopeaative act on the otherhand incorporates most of the policies previously in the village act. Thus membership is compulsory for all people who have acquired at least 18 years and who reside in that particular area.

53. But the 1981 party guidelines place emphasis on introducing large village farms (collective farms). Since land is not a problem in many parts of Tanzania, two situations are likely to emerge out of these policies. There will be collective private farms both mutually exclusive. Where as elsewhere, agricultural production cooperatives, involve persuation to pull land of members and to practice joint farming, the situation is completely different here. Members practice collective farming on village land.

54. Hence there are chances of being indifferent on whatever befalls the collective farm and concentrate on the private plots. The chance is more likely to happen in those areas where people are ushered to certain organizational forms prior to their commitment.

55. Lastly, there is need to sychronize the duties of the village council and the cooperative society, the 1981 party guidelines, the acts establishing crop authorities and the agricultural policy to reduce friction and to bring about clarity.

56. In summary, the policies have inadequately tackled the problem of farmers interest to ensure continued enthusiam. Secondly the policies do not clearly give the various stages to the model integrated cooperative. When this is left to local leadership to translate the broad policies, it leads to confusion and kills confidence of members.

3. Experience and Impact of Production Cooperatives in Rural Areas

57. Although, legally all villages are production cooperatives, note should be taken of the fact that only about 63% of the villages practice collective farming and 14% cooperative joint farming and these figures are not mutually exclusive. Secondly only 3% of total farms is under collective farming and about 5% under cooperative joint farming. Hence approximately 92% of the farming is done on private grounds.

58. Added to this, the fact that there are no separate national/regional records for collective and private production, it is difficult to measure the rate of growth of the former.

3.1. Improvement of Productivity, Provision of Extension Services & Expansion of Technology:

59. Settlement schemes, which also involved moving people into specified areas, started during the colonial era with broader objectives to improve productivity and to increase output of the farmers. Settlement schemes were termed pre-cooperatives societies. Because of the complexity of management involved in production cooperatives, it was decided that there should be a time lag where by a government management would passover

the management and technical aspects to the cooperative society. "Settlement schemes are to be run on commercial lines and government policy is to form multi-purpose cooperative societies to achieve this. It is recognized that these cooperatives are difficult to establish and manage and this led to the introduction of the land tenure act No. 27 of 1965 which provided the legal framework required in both formation and running of them. As a first stage in the establishment of village settlement cooperatives, precooperative committees have been formed at each settlement". 16/

60. Settlement schemes specifically those initiated by the overseas Food Corporation and later taken over by the Tanganyika Agricultural Corporation were well prepared to meet the objectives to settlers. The organization of these schemes was basically private: individual settlers were given plots for a house, food crops and plot for cash crops or land for grazing for which they paid rent varying according to size of the holdings and uses. The system was also clear to be settler that the land did not belong to him but that he would benefit through use of modern farming methods supervised by the scheme. Therefore, settlers who came to such schemes were determined farmers, people who had weighed the costs and benefits of such a decision. Successes were recorded, for instance in Urambo settlement scheme. Success came out of their own sweat with little help from outside.

61. However, because the response to Mwalimu's call to live in villages was spontaneous, various regional authorities including TANU Youth League/TYL) established settlement schemes. Although according to the 1964 - 69 Development plan, only one settlement was to be established per region, in actual fact many were established. Most of these schemes failed. The main problem was over capitalization or "premature mechanization" 17/ These schemes were supplied with many machinery and overstaffed. The preconditions of mechanization were lacking namely competent mechanics to maintain them, adequate work for using the tractor for a good part of the year was lacking too. Further the presence of the tractors and the manpower did not match with the cultivated area and yield. Thus in Upper Kitete in 1965 there were ten tractors with 100 families for only 1600 acres when such tractors alone could cultivate up to 4000 acres. The situation was agravated in some areas by too much insistence on growing certain crops which paid less than others. For example settlement schemes under Agridev in Mwanza, would have done better by concentrating on onions which had a higher return per acre than on cotton, but the management gave more weight to the latter.

62. Other reasons for failure of these schemes was the top-bottom approach. In Dar es Sallam and Morogoro, for instance, the schemes were used to solve urban unemployment. These settlers had not decided to be farmers at all. The decision was one sided, by the government, but those who were to actually carry out the job were not involved. Even the management of the settlement was done by a government appointed manager, pre-cooperatives committees had little say. "Spoon feeding" was a feature in establishing settlement schemes. Thus each family received 30/= per month during first year, a house was built for each family, while schools and dispensary were provided for the community. These shuuld have derived from their own sweat.

16/ As for note 4 page 43
17/ As for note 3 page 47

63. All in all, it is the strategy rather than the objective which was wrong.

64. Parallel to settlement schemes were villages which were started by leading personalities with ideological direction and long experiences in rural development. The settlers received political education which brought clarity of the future type of society to be obtained. Furthermore, the promotors of these villages knew very well from the beginning that development required hard work and skills and particularly the commitment of the people themselves. There were few promises if any at all. Hence these villages started from the known with little interference from the usual traditional life.

65. The organization of these villages also was peculiar. There was formed a super structure, the Ruvuma Development Association - a cooperative of producer cooperatives. Its functions were supportive and advisory to the villages activities. The activities of this society included education. Thus there was a group of dedicated socialists whose duty was to keep up the ideals of ujamaa. It also rendered technical services like repairs of pumps, machinery, tractors marketing and credit. Thus RDA was promoting directly the activities of the member villages and it was under direct control of the peasants.

66. The association grew from one affiliated village in 1959 to 12 villages in 1965 and 18 when it was dissolved by Tanu in 1969. For this ten year period it managed to establish schools, cottage industries, grinding mills flour mills, brick making unit, saw mill, spinning and weaving workshops, soap factory and many other activities all geared to an integrated rural development community based on self reliance.

67. Similarly, many other villages started on the self-help basis during this very time. The settlers had ideological commitment to practice self reliance and ujamaa. The number of settlers was usually small following the President's clear policy".... This means that most of our farming would be done by groups of people who live as a community and work as a community ....But it (government) would be able to cooperate much more quickly in the supply of a pump or pipes for a village of 30 to 40 families who were willing to do the physical labour themselves".18/ These villages took off well in terms of starting from the known and progre-sing slowing into modern communities.

68. But despite the President's realization that a village must be formed from conviction and not by force, in 1973 it was declared that all people in rural areas must be living in villages by December 1976. There was a change in objectives from those perceived in Socialism and Rural Development whose focus was production and self reliance. Thus when the grand villagization campaign started in 1973/74 the President declared that the question of pursuing or not pursuing socialist practices was voluntary, but to stay in villages was a must. He continued to urgue that people working and staying in urban areas are getting public services like health, care, schools and water not on grounds that they are socialists but because they are living together. But despite this apparent change, the inner motive remained the same for in most villages, the urgency to introduce a collective farm has constantly been reitarated.

69. Since the size of village was predetermined (between 250 - 600 families) those self initiated villages which did not fulfill this criteria were ammassed by other people with a different ideological commitment. Such action, in some villages resulted

18/ As for note 10 page 355

into contradiction, weakening the former. Those which survived like Isansa have continued to make progress, a green island in a desert. But these are very few indeed. (see table 4)

70. In general, talking about the productivity of production cooperatives in rural areas, the best summary is the remark made by the President in 1975 "even if he had to sack all agricultural officers, agricultural production in Tanzania would in no way be affected." 19/ (see table 1)

71. There are many factors which have contributed to this situation and will be explained below. "Agricultural Production can be substantially and effectively increased by the application of modern science and technology. The required technology must come from a vigorous, aggressive and problem oriented research programmes and must be accomplished through the efforts of dedication and competent scientific personnel working under sound well planned organized research system". 20/

72. Under the East African Community, there were well established research centres, serving the entire region. But research was greatly disturbed after the collapse of the E.A.C. Efforts to establish new research centres have been made but need time to function efficiently because of factors like lack of qualified manpower funds and foreign exchange. Most of the newly established research centres are not operating and as a result, for instance, the country can meet less than 25% of the demand for high brid maize seeds. Production cooperatives in the rural areas have to use about 70% traditional seeds from last harvest.

73. Agricultural extension officers are key in spreading and educating peasants in the application of the new farming techniques. Due to reorganization of the administrative machinery of the government, many agricultural officers were absorbed in administration. A still sizeable proportion was absorbed in crop authorities where they were misallocated and performed clerical jobs. The few who were left in their respective jobs had the following problems as reported by one of the concerned that since 1978 no direction regarding their role had been given ...." a major part of the problem was that there were too many masters including crop authorities, the ministry of agriculture the regional development directors and ward executives .... district agricultural officers really no longer had any power over the village agricultural officers". 21/

74. Further agricultural production is dependent on rain which, for the most part of the country, is not reliable. During the years 1976/77 and 77/78 when Tanzania experienced good stable rains, production shot up. Food production surpassed national demands. The opposite in 1973/75 and since 1980, rain has been erratic and substantial amounts of food had to be imported while amounts of exports decreased.

75. Irrigation is the most reliable method for improving productivity. Tanzania has 900,000 hactars potential for agriculture yet only 144,000 ha. or 16% are under full or partial irrigation. The increase in land under irrigation since the pronouncement of "politics is Agriculture" which emphasized the need to introduce irrigation and the 1974 irrigation campaign resolved in Moshi Cooperative College is negligible. Thus village production is still very much dependent on rains. When rains fail, production and productivity fall sharply and vice versa.

19/ As for note 1 page 161
20/ The Tanzania National Africultural Policy (Interim report) page 68
21/ As for note 1 page 161

76. The other factor attributing the low productivity is the predominance of hand tools in farming. Until recently (in 1980s), the distribution of farm implements used for farming is alarmingly dominated by hand tools despite the conscious determination to move into the ox-plough technology charted in the second five year development plan.

Distribution of Farm Implements by Farm

% of Farms	Cultivated by
80 - 85	Hoes
10 - 15	Ploughs
5	tractors

Source: Interim Report: The Tanzania National Agricultural Policy

77. The predominance of hoes in farming means that the acreage is limited. According to TRDB estimates, a family of three adults can plough about 3 hactars only in a year, for ploughing has to be done within five weeks before rains set in. The potential of a plough is 12.5 ha. and that of a tractor is 117 ha. (working at 10 hours a day including sundays). Output can be increased by increasing productivity or increasing acreage.

78. Although there are marked successes in training oxen and manufacture of ploughs, there is significant under utilization of capacity because of unmatched distribution of oxen and ploughs (see table 3).

79. The change from peasant controlled institutions to parastatal organizations has also affected agriculture. "What has been characteristic of most of institution in this country especially those geared for developing rural areas is the imposition from above, with their form based on decadent exploitative system".22/ This parastatal organizations as independent organizations have to make profits in order to survive. Although within their respective acts there is provision for them to go directly to production most of them simply took over the easy function i.e. marketing. President Nyerere during the 1984 Saba saba celebrations lamented "we made mistakes to dissolve cooperatives. Parastatal organizations have concentrated on marketing instead of producing and providing farm guidance to farmers leading to poor quality production and less output".

80. These parastatals were in direct conflict with the interests of the peasants. The parastatals became independent profit making organizations, but were not involved in production yet dependent on peasant produce and made profits on the peasants production.

81. Other experiences influencing rural development evolve around financial institutions. In 1961 the Agricultural Credit Agency (ACA) was establish to deal with long term credit needs of peasants. The interesting point is that peasants were allowed to save money with the bank thus increasing the banks liquidity, and ability to lend in addition to the interest charge.

22/ As for note 1 page 170

82. This arrangement had the long term potentaal of increasing the banks capital which would accommodate possibilities for large investment in areas like irrigation, large crop processing industries etc. The chances to redirect investment to problem areas encompassing members would be higher since the majority of the board of governors were representatives from the people.

83. Since the inception of the Tanzania rural Development Bank (TRDB), a government owned body, peasants have been somehow alienated although officially contradition are not supposed to exist between the interest of the farmers and those of the government. Thus peasants have been encouraged to save in NBC or THB and other government financial institutions where there is no representation at all. This practice has shown that interest and priorities differ sharply at the expense of the peasant. Most of these government controlled financial institution use the peasant savings on projects of their interest. Peasants obtain loans with difficult and mainly directed to service the economy namely - transport, godowns, tractors. The financial institutions are hesitant to sponsor irrigation and processing industries.

3.2 The Integrated Approach

84. A significant feature of the production cooperatives has always been the predominance of mercantalism.23/ There is a great deal of a do towards increasing production through application of modern methods of farming after which the designate institutions take over the processing and or marketing. Mercantilism, usually, does not focus on linking production with processing and marketing. Processing adds value to the product and usually the price of the processed product is significantly higher than that of the raw materials.

85. The cost of processing for some products is negligible. For example the cost of processing paddy into rice is significantly low and does not demand for sophiscated technology.

86. Processing paves the way to utilizing byproducts. For instance paddy husks could be converted to cooking oil, animal feeds, building materials etc. Usually processing has also other advantages including raising the quality of the crop and increasing its quantity as farmers benefit directly from increased incomes. Further integration creates rural employment and reduces urban migration.

87. The present division of labour between the government and cooperatives is advantageous to the former. Cooperatives concentrate on primary commodity production but the advantages of integration accrue to parastatals although waisted in expansion of bureucracy. Mercantilism has little potential of development of health communities.

88. Some villages introduced the integrated approach that is linking production with the consumers. An example in point is Lushoto Integrated Development Project (LIDEP) which encouraged small farmers to produce vegetables collectively and to market them through the central marketing section. This section collected orders from hostels in Dar es Salaam and Tanga.

89. Given the participative role of the peasants in the entire process of production and marketing, production shot up rapidly. Increased output required better efforts in marketing which were best rendered by an organization other than section of LIDEP. Hence there were suggestions to establish a cooperative society of the producer cooperatives.

23/ Appropriate Management Systems for Agricultural Cooperatives by Prof. Gupta and Guakwaid. In chapter 3 they discuss in detail the misconception of enhancing productivity without integration with market.

90. The proposition for the establishment of a cooperative society was repudiated by the Cooperative Development Division on account of the risks involved in the business. This decision led to the establishment of Usambara Agricultural Corporation (UAC) in 1973.

91. U.A.C. was not a peasant organization and was not engaged in production, but had to make profit from the peasant produce. The interests of the two were against each other, on the one hand peasants needed to maximize their income by decreasing overhead costs of the U.A.C. and on the other hand U.A.C. wanted to maximize profit by suppressing prices of the peasants produce.

92. Lacking control in the U.A.C. peasants were on the losing side and thus discouraged production in favour of private businessmen.

Year	Vegetables sold kg.	Selling Price (shs.)	Producer Price (shs.)
1970	N.D.A.	1.00	.75 (75%)
1971	374,432	.99	.63 (63.3%)
1972	740,520	1.33	.74 (65.4%)
1973	794,363	1.24	.71 (57.2%)
1974	1,364,473	1.38	1.03 (74.6%)
1975	699,300	2.04	1.24 (60.7%)

Source: Part of table 2, page 166 African Slcialism in Practice

93. As production increased the share of price for peasants tended to decrease through overheads, profits and pilferage by the U.A.C.

3.3. Raising Income and Standards of Living of Participating Members

94. But despite all these problems, using the President's definition for development ".... as the provision of basic needs for all our people".24/ It is possible to conclude that standards of people of the ruaal production cooperatives have increased significantly. In most of the villages now there is at least a primary school and practically all children of school age go to school except among nomadic tribes. 71% of school age children join primary schools while 85% of adults are able to read and write. Secondly there are many dispensaries spread throughout the country resulting in reduction of deaths at birth. Furthermore, as a result of this service, and because about 50% of the deaths are attributable to children between 0 - 5 years the life expectancy of Tanzania is well above 50 years a target set in the first 15 years Development Plan. It is estimated that at least 30% of the villages are provided with clean drinking water. At least 75% of the villages have a village shop. In Dodoma region, the rural areas have only one type of shops - the village shops. About 25% of the vlllages have milling machines - a basic agro-based industry. These production cooperatives have varying levels of development, depending on the commitment of the management. There are those with a good effective housing programmes. Every member is compelled to build a house of burnt bricks. In Isansa, Mbeya region, the village pays each member 500/= a month and five shillings every week for attending the general meeting.

24/ Julius Nyerere, South-South option Third World Lecture 1982, pg. 8.

95. This leap forwards in development is a result of the self aid spirit of the members and also the government assistance.

96. However, as a long term strategy villages must produce enough for recurrent and development expenditure. What the government has provided through grants has to be paid in some form or other. Government is a derivative of tax. When production dwindles so also tax and government income. Services (health, schools, materials water etc.) have deteriorated drastically because of lack of funds for maintenance. The government can not continue to maintain the services brought to people because of lack of funds. Local communities must maintain the services through increased productivity.

3.4 Achievement of Food Security

97. As shown in table 3, the food situation is in critical condition. The rate of growth of food was 2.2% between 1967 and 1974 while that of the population is 3.3%.

98. The cause of this bad situation cannot be laid on the production cooperatives for had been the actual cause then one would have expected poor performance from 1973 through-out 1980 when intensive campaigns for villagization took place. The outstanding performance of 1976/77 and 1977/78 is attributed to good weather conditions which allowed even marginal regions to contribute significantly to the total output.

99. However, Tanzania seems to have a cycle of 5 - 8 year of good weather conditions. Thus there was famine in 1965/66, in 1973/74 and from 1980 to present day. The long experience has not yet found a permanent solution to the problem. Hence the main causes of indisposition in food are the following:

100. The first is lack of regional specialization and pursuit of pan territorial policies. The peripheral regions of Tanzania have reliable rainfalls with fertile soils. These regions could specialize in food crops which at the same time act as cash crop. Regional specialization was recommended by Prof. Rene Dumont in 1967 in his book "Tanzanian Agriculture after the Arusha Declaration". But the decision to effect it came in early 1980 after disasters. When marginal regions grow crops not very suited to the climate crop failure significantly increases food shortage.

101. The other reason is the general neglect by the government to play its role in terms of research. Until independence, agricultural research stations concentrated focus on cash crops. Professor R. Dumont in 1967 wrote "Since a long time ago, research stations and information services have devoted their main effort to export products". The President, when marking the tenth anniversary of the Republic of Tanzania in 1971 said "The same thing is true of all over old crops. The methods are those of the past. Indeed the situation is even worse as regards food staffs, because our colonial governors used to concentrate all their attention on cash crops and we have followed their example by not bothering about the methods used for the production of food crops".25/ Todate, the development of technical packages and the link between adaptive research and extension services is inadequate.

25/ Tanzania: Ten years after Independence, Report by President of Tanzania, Mwalimu J. K. Nyerere, page 38.

102. Furthermore, despite irregularities in input supplies to farmers because of organizational deficiencies, the allocatoon of such inputs has been biased against food crops. The 1978 Annual report of the Tanzania Rural Development Bank reports that "Since its inception, seasonal inputs for tobacco cultivation have been taking the lions share of the Bank's loan portfolio". (see table 3 page 12 of 1978 report).

103. Most significant is perhaps the lack of participation and involvement of the farmers in decision making. Thus crop authorities were established with little consultation of the farmer. Even representation in the credit agency is nil. Most peasants are disappointed by the increased government role in the day to day affairs of the cooperatives.

104. With the growing realization of past mistakes corrective measures have been taken. Thus each region is required to grow crops which flourish in that climate. Fertile areas are given special assistance by the government to encourage productivity and increased output. Serious efforts to increase food production are now visible.

3.5. Stimulating Peoples Participation at the Grass root level

105. As aforesaid, there are varying levels of development of the production cooperatives depending on the management. I have previously mentioned Isansa which has a general meeting every Saturday. In these meetings, members discuss on the previous week work performance and assign work to groups for the following week. The commitment of members in this village is exceptionally high. There are a couple of villages which have reached this level.

106. In the majority of cases, the participation of the members must be very low. The following table gives an indication of the frequency of village assembly meetings in 1981.

	1981	No of villages
No meeting	0.3%	25
1 meeting	53.2%	4352
3 meetings	13.8%	1129
3-6 meetings	17.6%	1440
more meetings	15.1%	1235
		8181

Source: Report on village survey 1981, Cooperative Office of Prime Minister, Dodoma August 1982.

107. The distribution is an encouraging performance of the laid base for democracy. The quality of the meetings is not known. Much depends on the leadership of the villages. When the above table is supplemented by the data given as an introduction to chapter three and also the experiences on standards of living then we can conclude the following: Members interests has been greatly stimulated in providing services like building schools, dispensaries, digging trenches for water supply, establishing a shop or a grinding mill. This kind of interest and participation is easy to attract because of its characteristics - a common encompassing problem embracing most, if not all, members and that it requires many people to solve such problem.

108. However, the second category of going into integrated farming has met little success. Each member can survive at subsistence and given new farming methods and certain services he can increase output significantly. Many members have not reached the optimal output levels of output per hactar recommend by research institutions. Further organizational management and accounting problems pose further questions on the possibility of building up interest participation and committent. Therefore, despite the fact that a sizable number of villages (63%) have village farms and or block farms, it is surprising to note that these farms comprise only 8% of the total farms. Members may be using the good experiences and skills acquired through village farms on their private farms.

3.6. The Problem of Pricing

109. Part of the problem of increased productivity which has direct influence on income and standards of living is contributed by pricing. In Tanzania both export and food crop pricing is controlled by the government.

110. There is a tendency for over employment implying heavy overhead costs. In the absence of peasant representative in these bodies, residual prices prevail after quasi govrrnment bodies have deducted their operational costs and profits. Ever since the dissolution of cooperative unions in Tanzania, the proportion of prices to farmers has been much below 50% of the world prices.

111. Heavy overhead costs of the parastatals is not the only factor, but also high taxation, particularly on cash crops. The rationale behind the taxes is the poor industrial development that is the government has no alternative but to resort to crop taxation. But taxation has a limit on the incentives of peasant who may decide to neglect their care on the cash crops and resort to other crops which are less or not taxes at all or sell in the parallel market.

112. Thus the Minister of Agriculture, remarking on the performance of coffee growing, attributed the drop in coffee output to reduction of coffee grown areas. Since coffee, by law cannot be uprooted without the consent of the authorities which under very abnormal circumstances allow such action, such reduction in area must have been done privately and in response to some economic realities. Some farmers have sorted to cultivating onions, tomatoes, vegetables which are high and quick income earning. The World Bank report of 1983, Accelerated Development in Sub-Sahara Africa, an Agenda for Action remarks on the same by saying, "The marked drop in prices was not due to unfavourable world market conditions, but rather too heavy taxes on farmers - export duties combined with ever increasing marketing and administrative costs accumulated by the parastatals handling the products. These bloated costs were important factors leading to reduction in farmer's share in export earnings from coffee, cotton, tobacco and cashewnuts to below 50 per cent". 26/

113. Similarly, government monopoly over input supply cost a lot on productivity. The rationale that such business cannot be given to private dealers due to their exploitative nature, or the assumption that government subsidy to peasants may not be passed over by private wholesalers/retailers and last such private business men may not serve remote areas is not compensated by the loss that accrues on account of lack of delivery of materials (fertilizers, seeds, spare parts, dissel and petrol etc.) at the right time, in the right quantities at the right place. Frequent complaints come from farmers that

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26/ The World Bank report of 1983, Accelerated Development in the sub-Sahara Africa, page 26.

sowing fertilizers comes too late post the planting period. Producers prices have been kept low for several other reasons including the fear of riots from the urban population in case ford prices increased raising the cost of living and because of government tax. But this very option discourages peasants' release of their potential ability in what Mr. Babu A.M. terms "reproducing the worker and the expense of the peasant". 27/ Hence this dilemma must get a solution to ensure first productivity and possibly to subsidies workers for the former is a must and has no substitute for the country's development.

3.7. Manpower Problems

114. The need for skilled manpower comes in respect of cooperatives as business enterprises. Cooperatives are slow in seeing the importance of developing skills. In Tanzania the cooperative sector is significantly weak in terms of quality staff in comparison to other sectors and within the sector. Yet this is a producer sector and has been assigned crucial duties. Critiques of the cooperative movement in LDCs say ".... the profound cause, the primary cause of the majority of failures, when examined closely, is not necessarily the absence of the spirit of enterprise, is not always the lack of perseverance of discipline or of courage, is only incidentally the dishonesty of a few: it is more often than not under one form or another ignorance. In the same way, the most formidable enemy of cooperation is not competition nor even the active hostility of those whose privileges it threatens, it is again ignorance, the ignorance of those who practice it and even sometimes, the ignorance of training or lack of training of those who have the task, the will and the power to guide its Development". 28/

115. In 1975, just before the dissolution of unions in Tanzania there was an independent evaluation jointly done by Nordic countries and Tanzania, which depicted the following:

116. "The general scarcity of competent staff in the movement as well as in the Department is viewed by the Nordic personnel as perhaps the greatest problem facing them in their work .... The frequent lack of qualified conterparts being pointed out by almost all experts makes a transfer of know how virtually impossible....

117. A second factor also contributing to this and thereby having led to a situation in which the impact of the project could have been considerably higher in lack of operational plans". 29/

118. The rural development division, office of the Prime Ministers, identified the same problem. 30/ The capital investment in the cooperative plan did not include manpower development. Most of the projects undertaken by the cooperatives were not subjected to tests like rate of return, cost benefit analysis etc. The report concludes by writing that cooperatives publish their plans for propaganda purposes and not rather on economic criteria.

27/ A. M. Babu African Socialism or Socialist Africa, TPH, Tanzania 1981, "Reproducing the worker at the expense of the peasant page 79.
28/ ICA Cooperation as an Instrument for Rural Development 1976 pg. 9
29/ Joint Nordic/Tanzania Evaluation
30/ Rural Development Division: Office of the Prime Minister. The Cooperative Development Plan 1969 - 74. A Performance Analysis preface

Communication and Transport

119. Tanzania being a very large country and at the same time very young too, has poor transport and communication net work. Border regions in Tanzania, get a fair amount of rain. With the exception of Northern regions, which had won the attraction of the colonial rulers, the rest of the border areas are remote. The Southern regions, Ruvuma, Mbeya, Iringa and Rukwa have a total areas bigger than that of Uganda and have very good annual rainfall and fertile soils. Yet these regions cannot feed the rest of the country. The reasons are many like the policy of even development which tends to spread the meagre resources equitably over all the country. But perhaps the major reason is the poor transport and communication system. If peasants grew more bananas, tomatoes, potatoes, maize beans etc. these would likely rot in the villages due to lack of transport and communication. Hence the extent of output is partly limited by the available markets.

3.8 Labour Migration

120. The genesis of production cooperatives was partly attributed to the urban migration which stood at 6.5% in the 1960s. Production societies have not yet been able to solve the problems of migration into towns. The problem is exacerbating. The majority of the migrants comprise youths who complete the primary education.

121. Education for self-reliance has not instilled in the young enough political dedication nor enough social and economic incentives to remain in villages. Urban areas are still relatively better off than rural areas and hence the labour migration into urban areas.

122. It is estimated that in Kilimanjaro, its towns are growing at about 7.5%, while in Arusha its over 12%, and in Dar es Salaam the growth rate is over 10% implying that it will double in less than 15 years.

123. It is the old generation in particular old women who are depended upon to feed the nation and to increase exports to earn the required foreign exchange. More efforts other than schools, dispensaries and water are required to implement the human deployment act which has been enacted to tackle the urban migration and unemployment.

4. Measures to Promote Production Cooperatives in Rural Areas

4.1. Government Policy

124. The government should not stop at giving broad policy statements capable of many interpretations. This is bad and leads to speculation a possible confusion. Broad government statements should be followed by cooperative policy. This cooperative policy will contain five basic elements.

125. To start with there should be a clear distinction between government and cooperative roles to avoid duplication, confusion and possible neglect of other crucial functions. The cooperative policy therefore, must map out the economic areas to be covered by cooperatives. These areas should touch peoples felt needs to tap their socio-logic 31/ and enthusiasm. In otherwords, the economic activities must be relevant to the communities for otherwise apathy may ensue. However this does not mean granting monopolies.

126. Further, the cooperative policy should identify areas of government assistance to cooperatives. Initially cooperatives are usually weak. They need some proping up

31/ Cooperative Management Project Moshi Cooperative College, York University

although guard should be made against "spoon feeding". The most important areas are manpower and capital.

127. The policy should indicate how the government is going to assist the cooperatives without usurping their leadership. Most important is to stress the transitional nature of such assistance.

128. The third element is coordination. Since production societies form a section within the overall economy, there is need for coordination to see how these fit in the other sectors of the economy including government performance. Some of these relationships are complementary to the production cooperatives. Hence a detailed picture of development of infrastructure, development of appropriate technology, production of fertilizers, establishment of agricultural research stations provision of extension services should also be outlined in the cooperative policy.

129. Charting out a path of cooperative development is often forgotten. There are many forms of production cooperatives but these are not necessarily known to the policy makers. This leads to confusion between objectives and means. A thorough study of past and existing conditions particularly the traditional values of the potential members will help to chart out the path of the development of production cooperatives. Such study will help to answer questions of landownership, management system and structures, what activities should be integrated e.g. in Hungary only the mechanized activities are integrated because the degree of collectivitization desired by farmers tends to diminish as soon as the proportion of manual work increases, all manual activities therefore, are organized on individual basis. Perhaps, the most important caution is to start from what people know to reduce chances of failure and increase possibilities of quick tangible results.

130. The last but not least is the legislation. Cooperative law should be enacted after the cooperative policy. Often cooperative acts are enacted in the absence of a cooperative policy leading to their inadequacy and particularly concentration of power in the government. The function of the act is to facilitate legal identity of the societies. Much of the initiative should be left to the society guided by the cooperative policy.

131. In sum, the government should create an environment which allows optimum democracy and provides enough incentives for the farmers to release their energies for economic development.

4.2. Government Institutions

132. "The registrar may gradually delegate his duties of promoting and of giving advice to cooperative societies to the apex organization as soon as such an apex organization is registered and employ competent staff to take over these duties, and the minister is satisfied that the apex organization can undertake those duties. 32/

133. There are many countries, with similar statements depicting the transitional or temporal phase of government involvement in cooperatives. Such statements confirm the principle that cooperative societies from their inception are expected to be autonomous democratically managed entities.

32/ Cooperative Act No. 14 of 1982 Tanzania section 14 (2)

134. This however does not mean breaking away from the government. The independence of the cooperatives is limited by the extent that they are not operating in a vaccum. The government is the source of socio-political and economic direction of any country. Independence of cooperatives from government means removal of government involvement in the day to day running affiars of a cooperative as is the practice today in many developing countries.

135. Hence during the transitional period, the role of the government and its institutions should be in two areas and these are promotional/advisory and partner/friend. The Government's function as a promoter of cooperation is educational and creation of a conducive climate to establishing the producer cooperatives. Members prior to joining the producer cooperatives must know what they are, what are the conditions, what is expected of them and from government and so on.

136. Advisory services include the enquiry into the local population need for the services which the cooperative association will provide and the economic possibilities of so doing. The production and where appropriate, the market potential of the concerned, the capital injection the optimum size and the scale of government assistance which will be required all need to be considered.

137. This role, has often been left to the registrar of cooperatives only. The registrar has often done dissatisfactory work. To perform the task very well, there is need for key institutions of the government to work as a team so as to exhaust adequately the economic possibilities of the will be cooperative. When the team spirit of key organization is created and works, it is possible from the beginning to check the alternatives for optimum production or optimum income raising activities out of the combination of economic activities of the farmers. Therefore, together with the registrar, ministries like, Agricultures, industry, transport and communication, lands and water development community development should participate fully in feasibility studies.

138. From the result of the various institutions there should be recommendations for the best organizational system given the social/cultural characteristics and the physical resources obtaining in that specific area.

139. The advisory function includes the recommendation of the establishment of secondary and other allied cooperative institutions. Primary production cooperatives usually need secondary societies to enhance their ability. Primary societies partly due to their size, inevitably concentrate on primary production. Production enhancement per se is mercantile and does not significantly change members incomes and standards of living. Mercantilism features prominently in African cooperatives. Integration may require many production cooperatives to meet the minimum requirements of technology or consumers demands. To move from mercantilism to integration, the need for team work of key institutions is a necessity.

140. Looking at the cooperative system as a whole, (particularly in Tanzania where production cooperatives are frontally introduced), in addition to recommending secondary societies, where applicable there is need to advise establishment of cooperative financial institutions. These are cooperative banks, ccoperative housing banks, and cooperative insurance banks.

141. The savings and premium paid by farmer members will be controlled by the members for their own benefit. Since farmers are many, small savings could mean billions of shillings in a matter of a decade. Capital is the most lacking but also most vital component in development. Peasants in Africa could have developed faster had the introduction of cooperative financial institutions been incorporated in time. The use of public financial institutions will not lead to the desired development of cooperatives but to the former, because the farmers have little control what so ever in the use of the surplus of these financial institutions.33/ Therefore, for genuine cooperative development, cooperative financial institutions must be promoted.

142. At the same time, the government must assume the role of a partner. During the transition period when cooperative are at the early stages of infancy, there will be need for assistance in various forms including credit, audit and inspection and sometimes technical personnel, like the manager and agricultural extension.

143. Production Cooperatives like other agricultural cooperatives in rural areas need the government as their friend. Even after assuming a high degree of autonomy, the cooperatives and government have complementary functions. Production cooperatives in rural areas are mainly agricultural. They will continue to be consumers of inputs e.g. machinery, agricultural inputs - fertilizers insecticides produced by government. At the same time, the government and its institutions will consume products from the agricultural sector including production cooperatives in the rural areas e.g. cotton for textile industries, fruits for canning, research recommendations etc.

144. Some of the major problems limiting production cooperatives today in Tanzania, is the failure of the later to execute its role efficiently. The agricultural inputs for instance are inadequately developed to promote agricultural exapansion.

145. "All countries should strike a balance between agricultural and industrial development, which does not imply what branches of agriculture and what industries are best for any given country. It appears relatively easy to reconsile the two and "walk on both legs" as the Chines say". 34/

4.3. Cooperative Structure, Management Systems and Practices

146. The structure of the cooperative should start from the bottom - the primary production society: Like any other organization, the economic & social viability must be established for its success.

147. Since the present production cooperatives are large, with at least 300 families, the participative spirit of the members can be made effective by introduction of informal or "homogenous groups" 35/ what the President termed "traditional extended family" in Socialism and Rural Development.

148. These groups with limited numbers - may be up to 40 depending on social cohesion and economic activity will allow participation and democracy by members.

33/ As for Note 3 page 55

34/ FAO, African Agricultural Development. Reflections on the major Lines of Advance and the barriers progress 1966 page 17.

35/ Peoples participation programme. A project jointly designed by Cooperative College and FAO, to stimulate democracy and participation at the grassroot.

149. Membership in a group should be voluntary and similarly the leaders of a group should be elected by the group members themselves. Given the size of the group, the social homogenuity and cohesion and the identity of economic activity greater participation can be expected. The group should choose representatives to the forms, society to constitute the board of directors.

150. Such flexibility would create confidence in members and particularly allow adequate training ground on each stage or level of production cooperative. Hence the entire group or village will not be forced to move to certain stages of production cooperatives prior to mastering initial stages.

151. The role of the manager, who should be qualified, dedicated and identifying himself with the members should be advisory. The manager must have the ability to coordinate all technical personnel e.g. agricultural extension, verternary, literacy, in a word, team spirit, in promoting members development. Further more the manager is the coordinator with government and other institutions outside the society in terms of technical assistance, credit and inputs. Due consideration should be given to quick income generating activities to increase confidence and increase their livelihood.

152. Secondary societies may be formed again depending on the social and economic viability studies. The latter have often been formed because of two reasons: The first is the catalyst function to support activities of the primary e.g. machinery repairs, marketing, credit, farm inputs and supply. The second, very prominent now in the Asian continent, is the "intergation role" that is processing of raw materials.

153. Secondary societies should be assigned functions in such a way to ensure that they strengthen the primaries where members are. Their role is catalystic, supportive and promotional to the primary. It is the members who are expected to benefit more from such arrangements. Experience has shown that once unions are in existence, then the primary role of promoting members interest is put secondary and success is measured in terms of volume of production and the various luxury buildings in town areas.

154. Hence it is necessary to define the role of the secondary societies carefully in a manner that it becomes a catalyst to the activities taking place at the grassroot. "The emphasis in the middle ground (secondary societies) however, is defined at this stage as being in appropriate for the following reasons: One, a middle ground functionally divided structure will tend to fragment the consistence and competence of the multi-purpose primary society, thereby decreasing its power of decisions. This is the case because the focus will be largely on the functions which are designated rather than the organizations reflecting the needs of the communities in which they are operating. Two, a functionally divided structure in the middle ground will tend to complicate the management process at the centre (apex) thereby decreasing comprehensive power of decision of the apex organizations." 35a/

5. Critique of Existing Policies, and Institutional Arrangements, Management Systems and Practices

5.1 Policies and Institutional Arrangement

155. The underlying policy for production cooperatives is contained in "Socialism for Rural Development". In the document, the model production society, the fully integrated community is explained clearly and in detail. The model community would have such expressions as "our land", our crops". "There would be no need to exclude private

property in houses or even in cattle" 36/

156. Furthermore, in the same document, there is emphasis on gradual development - starting from "traditional - extended families". "We shall not achieve it quickly". Persuasion and not force is the role of government, "The task of leadership and government is not to try to force this kind of development, but explain, encourage and participate".

157. Hence three stages of forming production societies are given:

1. Persuade people to live together;

2. Persuade the settlers into communual farming parallel with private plots;

3. Communual farming taking the lions share with individuals having gardens around their respective houses.

158. But in the second five year development plan 1969 - 74, when considering ways of establishing production cooperatives, the frontal methods was preferred to the selective method. "The reason was given as "The frontal or broad based, approach has been chosen because of the desire to mobilize the widest possible participation in socialist activity throughout the rural society. 37/ This method left little room for preparing members.

159. On the other hand the absence of cooperative policy has to a large extent retarded the development of the production cooperatives. This absence has created conflicting roles of crop authorities, village governments and the cooperatives. As stated elsewhere in this paper, the present system thus, compels cooperatives to practice mercantalism a less developmental system campared to integration.

160. Further, the proper mix of top-bottom and bottom up has not been tackled. The former is dominating. Thus the registrar has excesive powers over the cooperatives in terms of registration, liquidation, control over manpower etc. A programme was issued by the registrar to complete registration by a certain date. This left little room for democracy and initiative for the members who actually execute the work.

161. In addition to this, there is confusion between objectives and means. The objective is full integration as given in the model village in socialism and Rural Development. The means to this end cannot be implemented by directives. It is the people who actually carry out the tasks. That there are directives giving deadlines for registration or minimum acrage for communual farms is an indication that members are not yet well prepared in the undertakings. Complulsory membership has contributed to some extent on the slugish development of prouuction cooperatives. Such a decision allowed both elements for and against the system or practice of production cooperatives to co-exist. Depending on the proportion of power/influence of such elements, the production cooperatives developed with problems or died out. However, a flexible system could be followed for the advancement of production cooperatives at the same time taming the slow elements in society.

36/ Socialism and Rural Development

37/ As for note 10 pages 351 - 352 on Ujama Agriculture

5.2. Cooperative Structure

162. A good structure must enhance democracy and participation by members, it should also be capable of coordinating all external institutions and finally, most important, it must deliver goods to the members.

163. The village settlement scheme structure was bureaucratic and patronizing. It became too expensive and was therefore logically abandoned. But the RDA system in Ruvuma was ideal encompassing all three major ingredients. Yet it was dissolved in 1969.

164. The village structure of 1975 lacked democracy and participation by members. It was incapable of coordinating external institutions for example crop authorities. It was too small to deliver goods to members. There were possibilities for two or more villages to establish joint ventures. But this was given little attention and in general villages suffered from being too small economic units.

165. The present structure of the production cooperative is good in principle only. Many primary societies have been based on economic studies but the social viability aspects were neglected. It has to be followed up with mass education, for members have been ushered in, like in 1973 - 76, without their prior consent. Thus the registration of two or more villages under one cooperative society is feasible if prior consent of the members was sought. Such a society can play the role of joint ventures.

166. Where villages prefer to remain separate, but each is economically not viable, then stimulation to form joint ventures as a logical next step. 38/ The restoration of cooperative unions is likely to raise the voice of peasants. Their absence removed peasants from the acting scene.

5.3. Management Systems and Practices:

167. Production cooperatives under the village settlement scheme were managed by government appointed officers. Although there were committees elected by the settlers, their control over the manager was neglegible leading to constant conflicts. But the RDA management came from the members themselves although there was a dedicated highly powered personnel providing advisory services. There were other villages which were formed on voluntary basis and managed by an elected committee. Since 1975, where a village had a party branch, the chairman and secretary of the party automatically took the roles of the production cooperative. Elections by members of production cooperatives took place where party branch did not exist.

168. Thus there was a village assembly - the supreme policy making body, and the village council comprising up to twenty five members. To perform their duties well, the council had subcommittees for finance and planning, production and marketing, works and transport, education, culture and social welfare and security and defence. Practically all villages had these subcommittees. According to the report on village survey 1981 the sub-committees met regularly about once a month with the exception of a few villages.

38/ About 27 villages in Mbeya Region are jointly developing a Farm Service Centre. The objective is to have repairs for ploughs, tractors and other farm implements. The project is closely getting advice from Training for Rural Development USAID Sponsored.

169. To strengthen the village management, in 1977/78 there was a post of a village manager. His role was specifically advisory, contrary to the executive manager of the village settlement schemes. The impact of the village managers is little mainly because of poor recruitment criteria. Most of the rejects from public offices became village managers. Further there was little done to prepare them for the crucial job.

170. The department of cooperatives is aasigned with duties of supervision, advisory and inspection. After the 1975 village act, the personnel requirement rose up abruptly. Crush training programmes played a significant role to produce village book-keepers for cooperative training institutions did not have the capacity to absorb so many people in such a short span of time. Thus the department devoted much of its time on training not only of the village functionaries but also the village councils. Less time was given to advisory and inspection.

171. A report of the Auditor General from the Audit and Supervision Fund (ASF) showed that in 1981 less than 1547 cooperative societies were audited. In fact less than 1000 villages were audited. The report concludes by stating that, "the village accounts are in such a mess that it is impossible to do audit". It is therefore, difficult to assess the performancy of the production cooperatives.

172. The new cooperatives registered under the 1982 cooperative act are likely to undergo similar manpower problems. Registration has been carried on a programme basis so that within a short time thousands of societies were in the registrar's register. It may not be easy to find the trained village book-keepers for already a good number of them found better employment in organizations other than villages.

5. RECOMMENDATIONS

6.1. Cooperative Policy

173. As stated in 4.1., it is important for the government to issue a blue print on "cooperative policy". This document must contain in the proper mix of both elements of the community and government concerns to draw the enthusiasm of the members. Short of community relevance there is a danger for apathy from the members.

174. Further the cooperative policy should also give details of the supportive and advisory role to be given until cooperatives become strong independent institutions. The criteria for evaluating the autonomy of the cooperatives should be known to each partner to avoid unnecessary delays and to encourage societies to attain the goal.

175. The cooperative policy should elaborate on economic activities to be undertaken by the producer societies so as to allow room for integrating their activities. Intergrating production with marketing will guarantee good prices, raise members incomes, increase the propensity to save and accelerate achievement of their autonomy. At present the advantages of integrating economic activities acrue to the government leaving the peasants little chance for take off.

176. Cooperative laws should be drawn after the cooperative policies to maintain coherence and consistence.

6.2. Membership

177. Membership for production should not be compulsory but voluntary. Unless the members are committed to a course of action no development will take place. We have adequate examples which prove that adherence to voluntary membership has brought positive results. Therefore, the role of the party and government should be educational to convince potential members to join the producer cooperatives.

178. Further, the fact that primary cooperative societies are dejure producer cooperatives, there should be flexibility to allow room within the society for groups of people to form produced societies rather than the frontal approach.

6.3. Cooperative Education and Training

179. "The way in which these cooperative were organized would show emphasis on pre-member, pre-registration education, such education being conducted by the government functionary (later by honorary organizers) and covering mostly the subject areas of cooperative principles, cooperative law, the bye laws, the way one would keep the simple accounts of shares, deposits, loan repayments with an emphasis on the nature of unlimited liability".39/

180. This was a summary statement by the Director of ICA Regional Office in New Delhi on 15th April 1979 at Trincomales, Sri-Lanka. These problems are also found within our country. Cooperative member education is mainly concerned with management, book-keeping, cooperative law, democracy etc. A lot of money is used every year for this purpose.

181. The most important element of farm guidance is left to the Ministry of Agriculture and livestock. When this crucial knowledge is not imparted, then it is ridiculous to teach cooperative management. The present economic situation tells the stody better. Production is decreasing besides the lots of money used to promote cooperative management training. We concentrate all attention on management and little on the technical side.

182. It is high time, for crucial institutions to work together as a team of experts. 40/ For rural cooperatives, the Ministry of Agriculture, the Cooperative Education Centre, the Small Scale Industry Organization should jointly work together imparting correct proportions of knowledge to the peasant. The main drive should be to bring in productive member education as opposed to non-productive education. Cooperative Education has concentrated too much on theory and has not been linked up with solving immediate and future problems of members.

6.4. Cooperative Structure

183. The primary producer cooperatives are very big. To stimulate democracy among members there should be formed groups with strong social cohesion. Membership should be voluntary and on individual basis for men and women. Each group should have its own leadership. A few representative from each group should be members of the formal primary management committee.

39/ Experts' consultation on cooperative Member Education ICA Regional Office, New Delhi 1979, page 6 para 5.

40/ Experts' consultation of Cooperative Member Education ICA Regional Office, New Delhi 1979. In this book there are experiences from various countries Japan, India and Bangladesh on ways of turning member education towards solving his problems. In each case, a team approach is found to be better than the marginalized systems. PPP and AMSAC Projects are looking for similar approaches.

184. Therefore, each group will discuss development plans for each member in the group. The plans from all groups should be consolidated to form the primary society plan.

185. The groups therefore, could be quite small at the beginning. But they are likely to grow because of expansion in economic activities. But the initial setting is an important training ground on democracy, involvement and even gaining technical skills. Groups will compete and learn from one another.

186. But the secondary level, the functions assigned to it should be directly supporting and strengthening the effective work of the primaries. Thus secondary societies in addition to provision of inputs and credit should also embark on providing prompt repairs of machinery of the primary societies. Secondly, the secondary society should provide consultancy services particularly in the direction of integration. In addition to increasing productivity and output of the primary products serious efforts should be devoted to processing, use of by-products and linkages with markets/consumers.

6.5. Allied Cooperative Institutions

187. Credit is very important to development. Credit is easily availed to people and institutions termed credit worthy". Peasants are usually not credit worth by the criteria of the institutions/people with capital.

188. Even in socialist countries, where deliberate political decisions have opened gates for peasant to receive credit, such arrangement is quite often evaded by the financial organs. Secondly, the capital provided by the government is usually inadequate to meet the large demands of the farmers.

189. Thirdly, still the problem of credit worth is not entirely wiped out by the political decision. The peasants often lack the desired credit.

190. There have been campaigns to encourage peasants to save with the government banks. Results are quite remarkable and if these efforts will increase, the level of savings in the banks will certainly shoot up. However, this does not mean that the peasants will receive credit more easily. An analysis of rural credit in Tanzania shows that 93% goes to short-term, 6% to medium-term and only 1% to long-term.

191. What is worse, since peasants are not represented in boards of governors of the financial institutions, their decisions to invest and where to invest on what will remain the prerogative of the financial institutions and usually little to do with farming.

192. In order to develop and accelerate cooperatives, there is need to establish cooperative financial institutions including cooperative banks, cooperative insurance and cooperative housing banks. The management will belong to peasants and the management decisions will evolves around problems of members and their cooperatives.

Table 1

OUTPUT OF THREE MAJOR STAPLES IN TANZANIA

	MAIZE		PADDY		WHEAT	
	Output	Demand	Output	Demand	Output	Demand
70/71	186,400		93,600		93,600	
71/72	13,600		68,600		68,600	
72/73	106,400		73,100		73,100	
73/74	73,800		59,600		59,600	
74/75	24,998		39,894		39,900	
75/76	93,110		25,058		24,500	
76/77	120,553	204,300	50,074	168,700	27,100	92,000
77/78	216,500	214,500	31,520	178,600	35,300	105,000
78/79	220,553	224,600	179,500	179,500	28,800	111,000
79/80	161,500	234,800	52,300	226,500	26,600	127,000
80/81	104,600	267,200	46,500	239,500	27,900	133,000
81/82	113,000	286,400	19,400	254,600		141,000
82/83	-	-	30,800	286,100		148,000

Marketing Development Bureau (MDB)

Ministry of Agriculture 1982

Table 1 (cont'd...)

	COFFEE		COTTON		TEA	TOBACCO		PYRETHRUM		CASHEWNUTS		SISAL	
	mt	%	mt	%	mt	mt	%	mt	%	mt	%	mt	%
70/71	46,700	(100)	420,300	(100)	9,200	12,000	(100)	2,731	(100)	107,800	(100)	201,000	100
71/72	46,000	(112)	424,000	(80)	11,600	13,100	(109)	4,276	(157)	113,800	(106)	181,000	90
72/73	52,400	(102)	359,100	(101)	13,300	12,700	(106)	4,016	(147)	125,400	(117)	157,000	78
73/74	47,500	(91)	393,600	(85)	12,300	18,300	(153)	3,282	(12)	145,100	(135)	155,000	77
74/75	42,300	(112)	234,300	(94)	13,900	14,200	(118)	4,741	(174)	119,000	(111)	158,000	68
75/76	52,100	(116)	369,100	(56)	13,000	17,900	(149)	3,946	(144)	83,700	(78)	120,000	59
76/77	54,200	(104)	389,800	(88)	15,200	18,300	(153)	3,332	(122)	97,600	(91)	114,000	56
77/78	48,700	(111)	278,600	(66)	18,500	17,100	(143)	1,870	(105)	68,400	(64)	105,000	52
78/79	51,900	(106)	310,200	(74)	17,500	17,300	(144)	1,600	(59)	57,100	(53)	92,000	46
79/80	47,800	(102)	334,100	(79)	17,300	16,900	(141)	1,616	(59)	41,400	(39)	81,000	40
80/81	63,300	(144)	324,000	(77)	16,400	16,100	(134)	2,002	(73)	50,900	(47)	86,000	43

Source: MDB 1982

Table 2

NUMBER OF TRAINED OXEN AND OXEN IMPLEMENTS BY REGION

Region	a No. of Trained Oxen	b No. of Oxen Implements	Ratio $\frac{B}{A}$
1. Shinyanga	102,540	34,332	0.3
2. Singida	52,975	26,868	0.3
3. Tabora	45,243	34,753	0.8
4. Arusha	30,396	35,893	1.2
5. Mara	26,244	10,217	0.4
6. Mwanza	23,488	6,077	0.3
7. Rukwa	8,020	3,045	0.4
8. Mbeya	3,368	18,937	5.6
9. Kilimanjaro	1,882	1,228	0.7
10. Dodoma	348	1,935	5.6
11. Morogoro	149	107	0.7
12. Kagera	141	214	1.5
13. Lindi	61	582	9.4
14. Tanga	51	157	3.1
15. Mtwara	45	101	2.2
16. Ruvuma	40	228	5.7
17. Coast	26	51	2.0
18. Kigoma	15	29	1.55
Total/Ratio	295,030	174,754	0.6

Source: The NATIONAL AGRICULTUREAL POLICY Interimu report pg. 313 table 3.9

NB: Notice the under utilization of resources

Table 3

TRDB Loans and Share of Tobacco 1971/72 to 1977/78

Years	1971/72 %	1972/73 %	1973/74 %	1974/75 %	1975/76 %	1976/77 %	1977/78 %
Tobacco	18.3 (51.2)	45.6 (42.4)	73.6 (45.8)	127.5 (62.8)	12.5 (21)	33.7 (44)	152.2 (61.6)
Others	17.6 (48.8)	62 (57.6)	97 (54.2)	75.8 (37.2)	88.0 (79)	43.6 (56)	94.8 (38.4)
Total	39.9 (100)	107.6 (100)	160.6 (100)	203.3 (100)	100.5 (100)	77.3 (100)	247 (100)

Source: Tanzania Rural Development Bank, Annual Report and Accounts
1st July 1977 to 30th June 1978: May 1979

Table 4

Categorization of Villages by Socialist Development

	Number	Percentage
1. High degree of Socialization	98	1
2. Middle degree of Socialization	896	11
3. Lowest degree of Socialization	7,472	88
Total	8,466	100

Source: Daily News, September 5, 1984

Figure 1

Management Structure

Village Settlement Scheme

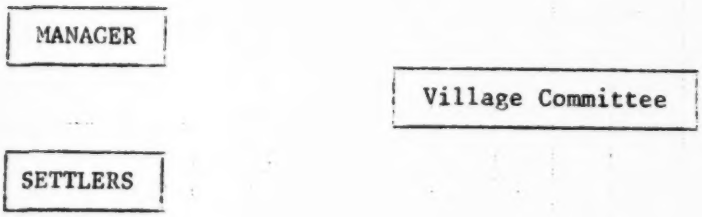

Figure 2

Management Structure

Villages in Ruvuma prior to 1967

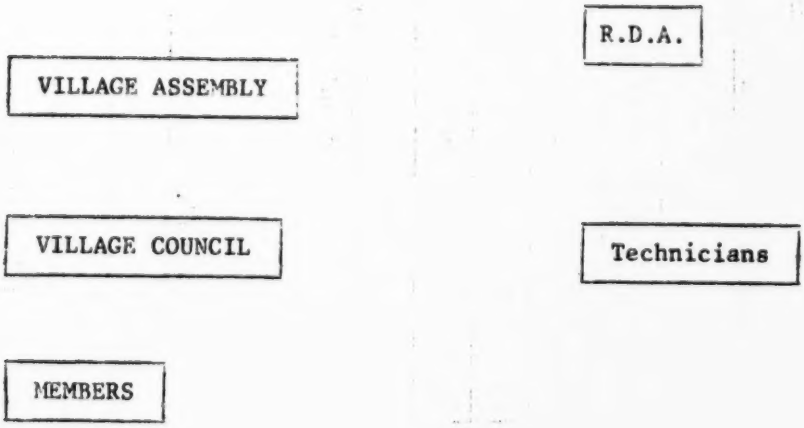

Figure 3

Management Structure

After the Village Act

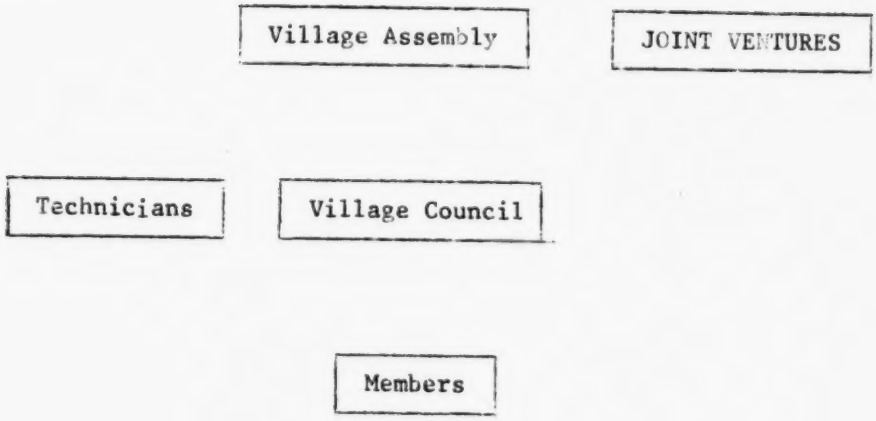

Figure 4

Management Structure

After Cooperative Act 14 of 1982